Annex "A," Subparagraph 3c,

Economic Background

TAXATION

651 The Finnish citizen is subject to three types of taxes: income, property and church taxes. Members of the established Lutheran or Orthodox Churches are taxed according to the amount of communal taxes which they pay; church taxes are not taken out of the salary but are paid separately at the end of the calendar year. Income taxes are paid to the commune and income and property taxes are paid to the state. These government taxes are collected in advance from salary payments, interest or dividends, and are marked in a special tax book; the balance is settled at the end of the year by declarations made by the individual taxpayers.

Taxpayers are divided into three classes:

.651 Class I includes single persons, Class II married couples without children, and Class III married couples or widowed persons who have or have had one or more children. The annual declaration is made on blank A for income received from agriculture, on blank B for income from other kinds of real estate, on blank C for income received from trade and industry, and on blank D for income received from salaries, interests and dividends. In communal taxation a certain number of tax "units" is fixed for each taxpayer, but the size of the unit varies according to the locality.

Income Taxes in 1954.

Income in marks	Amount of tax in taxation class		
	I	II	III
120,000	400	-	-

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130,000	1,300	-	-
140,000	2,200	-	-
150,000	3,100	-	-
160,000	4,000	400	-
175,000	5,500	1,750	-
200,000	8,000	4,000	500
300,000	20,000	14,000	9,000
400,000	34,000	26,000	18,000
500,000	51,000	40,000	29,000
600,000	68,000	54,000	40,000
700,000	87,000	70,000	54,000
800,000	106,000	86,000	68,000
900,000	128,000	105,000	84,000
1,000,000	150,000	125,000	100,000

Persons belonging to class III are further entitled to a reduction of 3000 marks for the first child and 5000 marks for each subsequent child under 16.

651 Persons paying tax on property are not divided into different classes.

Property Taxes in 1954

Property estimated in marks	Tax
500,000	500
600,000	700
700,000	900
800,000	1,100
900,000	1,300
1,000,000	1,500
2,000,000	5,000
3,000,000	11,500
4,000,000	18,000
5,000,000	27,000
6,000,000	36,000
7,000 000	47,000
8,000,000	58,000

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9,000,000	71,500
10,000,000	85,000

Business establishments and private enterprises are taxed according to the same principles as individuals are. However, enterprises which are considered to promote the public welfare are either partially or totally exempted from taxes.

Since World War II taxes have been increasing considerably and their collection has been intensified, the result of which has been a severe economic crisis for many families. Out of a monthly income of 30,000 marks, for example, a single person is taxed 20 per cent of the total, and a married couple with two children 12 per cent; for a monthly income of 60,000 marks the corresponding figures are 25 and 18 per cent; for an income of 100,000 marks, 30 and 25 per

1:Indiana U. S-4, 5(no date)1955 EOI Finland EOI

651 cent. There have been renewed demands for and repeated promises of a reduction in the taxation scale, but so far nothing has been accomplished.

SOURCES

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